

State Board of Equalization
OPERATIONS MEMO
For Public Release

No : 1143
Date : May 8, 2009

SUBJECT: Verifying Identification and Social Security Number at Registration

I. General

The Board of Equalization requires tax and feepayers to provide proof of identity when applying for many of the programs it administers. Acceptable forms of picture identification include, but are not limited to, the applicant's driver license, state-issued identification card, passport, or a Consular Matricular Card¹. An expired license or state-issued identification card can be accepted if a search of the Department of Motor Vehicles (DMV) system through the External Agency Tracking System (EATS) is made to confirm the license or state issued identification card was once valid.

In addition, applicants are required to provide their Social Security Number (SSN) during the registration process with the exception of corporate officers. The BOE no longer requests the SSN from corporate officers. In some instances, the applicant may not have a SSN but an Individual Taxpayer Identification Number (ITIN)² issued by the Internal Revenue Service (IRS). The BOE will accept this form of identification in lieu of a SSN. Because a SSN, and the DL/ID number is a unique identifier and belongs only to the individual to whom it is issued, that SSN, or DL/ID number should only be attached to one taxpayer/client in CTS.

¹ Matricular Cards are identification cards issued by the Mexican Ministry of Foreign Affairs to identify their citizens. In 2002, the Mexican Ministry of Foreign Affairs issued a new High Security Consular ID. The "Matricular Consular de Alta Seguridad" (MCAS) has visible security features. The card is issued on green security paper with the Official Mexican Seal. There is a copper colored hologram, "SRE" seal that appears over the holder's picture and changes color from green to brown. The letters "SRE" is visible using a florescent-light lamp. In addition, there is an infrared band on the upper back of the card. Formerly issued Consular Matricular Cards are still valid until its expiration date.

² On July 1, 1996, IRS began issuing the Individual Taxpayer Identification Number (ITIN) to individuals who are required to have a U.S. taxpayer identification number but do not have and are not eligible to obtain a Social Security Number (SSN). The ITIN is a nine-digit number that always begins with the number "9" and has a seven (7) or eight (8) in the fourth digit, for example 9XX-7X-XXXX. ITINs are issued regardless of immigration status because both resident and non-resident aliens may have U.S. tax return and payment responsibilities under the Internal Revenue Code.

II. Additional Driver License and SSN Verification Process in IRIS

Effective immediately, in the Sales and Use Tax Department and where the program functions require it in the Property and Special Taxes Department, staff will perform a search of both the SSN and the DL/ID number provided by the applicant. Staff will perform the search of the SSN and the DL/ID number in the CTS CS subsystem. This is to ensure that the SSN or DL/ID number does not already exist in the CTS. Staff will perform this function for all applications received by mail or in person.

The CTS CS subsystem must be searched to find out if the applicant has an established Taxpayer Identification Number (TIN). If the SSN or DL/ID number does not exist in IRIS, the applicant will be registered as a client/taxpayer to obtain a TIN, and then the applicant can obtain an account. If the SSN or DL/ID number does exist in the CTS, the TIN information will be verified against the information provided by the applicant. If the applicant's identification information is the same as the TIN information, staff can issue an account.

If the CTS search discloses that the DL/ID number or SSN already exists in IRIS and it is associated with a different client other than the applicant, the applicant's identity should be confirmed by requesting a search of the DMV records or the Franchise Tax Board (FTB) database using the EATS. Each office has resource persons with authorization to access external agencies to help accommodate these search requests.

Once the applicant has provided credible identification that supports his or her identity, an account should be issued. Staff will enter a comment in IRIS at the TIN level with the subject heading, "Identification (or ID) Verified". The comment should state the identification number, how the number was verified, and the method(s) used to perform the verification. If the identification is anything other than a SSN, driver license or California ID card, the DLIC and SSN field should be left blank, and the identification information should be entered in comments.

If the identity of the applicant is still not confirmed using the EATS, do not create a TIN for the applicant. The registration process should not continue. Instead, if the applicant is registering by mail, staff will send a BOE-1678, *Rejection of Application Letter* to the applicant. The BOE-1678 advises the applicant that the BOE is unable to process their request for an account until additional information is provided to confirm their identity. If the registration is done in person, staff will inform the applicant that the registration process cannot continue until adequate information is received to verify their identity. In addition, staff should instruct the applicant to contact the DMV or the Social Security Administration to correct the apparent problem concerning their DL/ID number or SSN. Inform the applicant this verification process is to protect their identification numbers.

When a search of the CTS discloses that the SSN or DL/ID exists in IRIS, and it is associated with a client other than the applicant, staff will enter a comment in IRIS at the TIN level as previously described. Also, staff will post a comment in IRIS on the TIN with the incorrect SSN or DL/ID information and then notify their immediate supervisor of the situation. Staff will provide their supervisor with any comments and/or screen printouts of the account that has the incorrect information. The duplicate SSN or DL/ID number should not be deleted from IRIS.

Per Operations Memo 1126, *New Sales and Use Tax Registration Application*, if the applicant provided a copy of the DL/ID as verification, the copy must be destroyed after the applicant's identity has been verified. Staff will not retain copies of the DL/ID in the field offices or send them to Headquarters (HQ) Taxpayer Records Unit with the application. Staff will destroy the copies by confidential destruction. While Operation's Memo 1126 pertains to Sales and Use Tax applications, staff responsible for registration in the tax and fee programs should also destroy copies of the DL/ID by confidential destruction. However, if staff finds that the DL/ID is fraudulent through the verification process and the applicant voluntarily leaves the identification card, staff will give the identification card or the copy of the DL/ID and the application to their supervisor. Staff will not retain the identification, even if it appears to be fraudulent based on the verification process.

III. Section Supervisor and District Supervisor Responsibilities

A. Applicant's Identification is Confirmed

When duplicate SSNs or DL/ID numbers are discovered in IRIS and staff confirmed the applicant's identification through the EATS, the registration section supervisor will contact a supervisor in the district of control or HQ section for the existing account and provide the erroneous information by telephone or email. The section supervisor will provide the duplicate SSN or DL/ID number, the TIN, account number, and name of the tax or feepayer. The section supervisor will enter appropriate comments in IRIS documenting the contact and the name of the supervisor notified about the registration problem. The supervisor in the district of control or HQ section for the existing account will review the account, and if necessary, contact the tax or feepayer with the erroneous information and request adequate identification to correct the record. For sales tax accounts, if the taxpayer cannot provide credible identification, the account should be cited for failure to comply under Revenue and Taxation Code section 6070. Similar statutes exist for the use fuel, diesel fuel, cigarette and tobacco product licensing programs.

B. Applicant's Identity Cannot be Verified

If staff is unable to confirm the applicant's identity through the EATS and duplicate identification information is discovered in IRIS, a supervisor will provide a copy of the DL/ID made by staff, the SSN, and the application to the Statewide Compliance and Outreach Program (SCOP) staff. SCOP staff will follow-up to make sure the applicant does not operate without a valid account. If the applicant voluntarily leaves the identification that appears to be suspect, and the identification is a driver license or California ID card, the supervisor should send it to DMV at the address listed below, along with an explanation of our findings:

Driver License Fraud Analysis Unit
PO Box 932391 Mail Station L217
Sacramento, CA 94232-3910

For further guidance on the verification process, please refer to section 275.060, Disclosure of Driver License and Social Security Numbers in the Compliance Policy and Procedures Manual.

IV. Obsolescence

This Operations Memo will become obsolete when the information contained herein is incorporated into the appropriate manuals.

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Distribution: 1-D